HOUSING MARKET OUTLOOK
Kitchener-Cambridge-Waterloo and Guelph CMAs

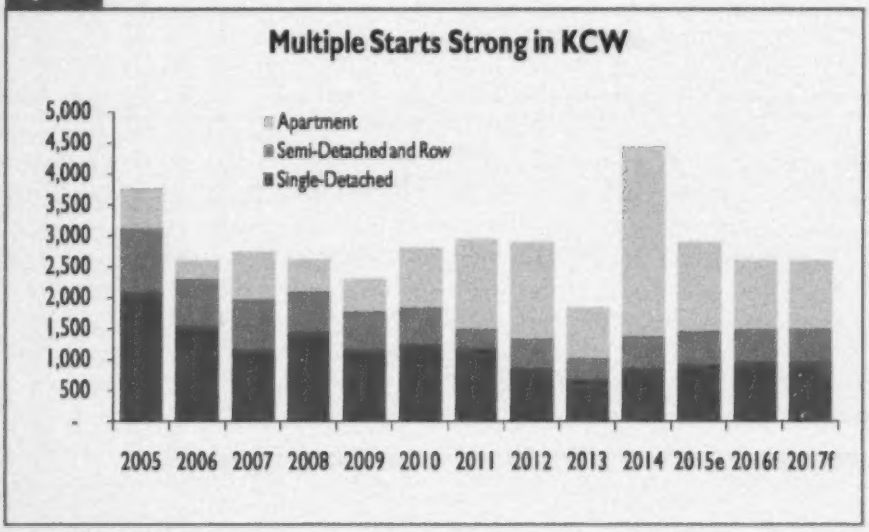
CANADA MORTGAGE AND HOUSING CORPORATION

Date Released: Fall 2015

Kitchener-Cambridge-Waterloo Highlights

- Housing starts to be lower in 2016 and remain stable in 2017 as apartment starts will decline
- Resale demand will remain strong with sales close to 5,500 through 2017
- The resale home market will be balanced with price growth above two per cent in 2016 and 2017
- The average vacancy rate will increase slightly in both 2015 and 2016, before declining in 2017

Figure 1



Source: CMHC, f=forecast

The forecasts and historical data included in this document reflect information available as of September 29, 2015.

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New Home Market: Fewer Apartment Starts in 2016

Housing starts in 2016 in the Kitchener-Cambridge-Waterloo Census Metropolitan Area (KCW) are expected to move lower as apartment starts decline further from the record set in 2014. Housing starts will reach 2,615 units in 2016, down ten per cent from 2015 levels. However, single-detached starts will increase slightly as demand will remain strong and more land will become available for construction. Semi-detached and townhouse starts are expected to remain relatively stable at current levels. Housing starts in 2017 are expected to be little changed from the 2016 level. Housing starts will be trending at levels consistent with the rate of household formation. Household growth is expected to average just over 2,600 annually in the next five years. Annual population growth has slowed to below one per cent, down from close to two per cent between 2002 and 2006 when housing starts were averaging above 3,500 per year.

Construction of single-detached homes is trending higher, but remains well below levels recorded before 2012. After increasing in 2015, single-detached starts will be slightly higher in 2016, reaching 975 units, and remain relatively unchanged in 2017. Demand remains strong for single-detached homes, especially from move-up/repeat buyers. Population growth in the past few years has been strongest in the 50+ age group. Households headed by people in this age group are more likely to have equity from their current homes, so price is not as much of a concern. However, slower household growth in younger repeat buyer age groups and higher prices mean total demand remains lower than a few years ago. Although Places to Grow is still influencing development, land constraints for single-detached homes is easing as more land has been made available for development in the next few years. Servicing of these lots remains a constraint, but the additional land will allow single-detached construction to be higher in the next two years. A relatively tight resale market will mean some spill-over of demand to the new home market. The average price of a new single-detached home will increase only slightly in the next two years. Prices of newly completed single-detached homes in most municipalities, except in the City of Waterloo, have declined in 2015. Smaller homes on smaller lots are being built, which has limited the growth in the average new house price.

Demand for more moderately priced homes has resulted in increases in townhouse starts in 2014 and 2015. Affordability is a concern for many younger households. Townhouses represent an alternative to single-detached homes which is more affordable but still has a ground-oriented entrance and usually more space than an apartment. Townhouse starts will be close to current levels in 2016 and 2017.

Apartment starts, both condominium and rental, will decline significantly in 2015. Apartment starts in 2014 were at a record level but which exceeded ongoing demand for this type of housing. Apartment starts will move slightly lower again in 2016. Currently more than 4,000 apartment units are under construction. With such a high number of units in the pipeline, developers will hold off on starting many more units until many of the buildings have reached completion.

Starts for condominium apartments will fall the most in 2015 and remain close to the 2015 level in 2016 and 2017. Many of the condominium apartments currently under construction are being sold to investors to be rented to students. With so many units targeted for rent to students having been constructed in the last few years, few new projects will start in the next two years. Most of the condominium apartment construction expected in the next two years will be geared to the end-user and located within the cores of Kitchener and Waterloo. New condominium projects will continue to be developed close to the light rail transit corridor. Condominium apartments are a more affordable alternative to single-detached homes and owners have less responsibility for managing maintenance. As the number of smaller households (couple and one-person households) continues to increase, condominium apartments will be in demand.

Starts for rental apartments will decline in 2015, but not as much as condominium apartment starts. The majority of rental apartment starts in the next several years will be for the general public and not students. Rental apartment starts will move lower again in 2016. Rental starts have been driven by the construction of student housing since 2012. Current supply of completed units and apartments under construction will lead to an excess of student housing in the next few years. This will drive down rental apartment starts in the near term. According to recent research conducted in the City of Waterloo, there is a potential surplus of more than 1,000 student housing beds. This does not take into account the approximately 900 beds completed since the report was published in May and the approximately 2,400 beds currently under construction.

The Ontario population aged 17-21 will decline through 2021. As a result, supply will continue to exceed demand and starts of new rental buildings will be limited.

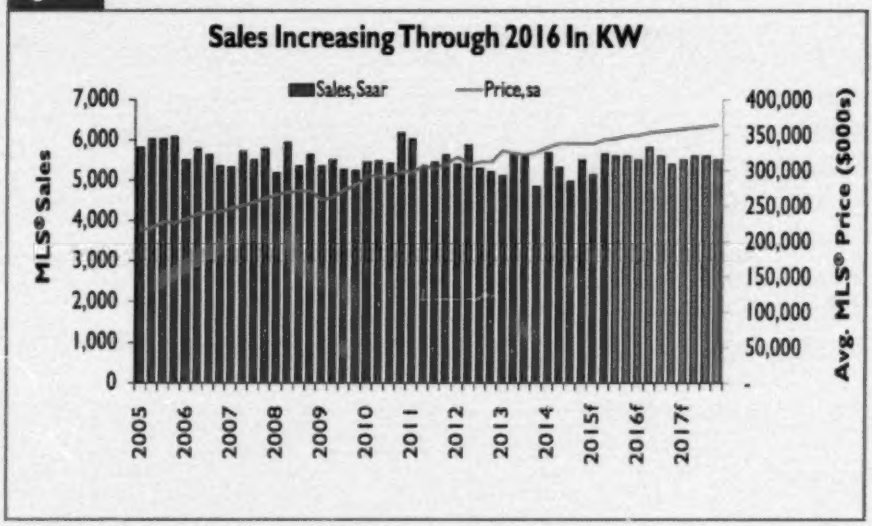
Resale Market: Balanced and Stable Market in 2016

Sales through the Kitchener-Waterloo Association of Realtors® (KWAR) (Kitchener, Waterloo and Woolwich/Wellesley/Wilmot Townships) will average around 5,500 each year through 2017. With the Bank of Canada expected to hold off on increasing the overnight rate until late 2016, mortgage rates are not expected to increase significantly in 2016. Demand for resale homes will remain relatively steady through 2017. Sales will increase by 1.5 per cent in 2015 and by 1.4 per cent in 2016, before declining marginally in 2017. Continuing low mortgage rates, improving employment and household growth will support sales.

Employment has not been as supportive of housing demand in 2015 as in 2014. The labour force declined in 2015 and employment declined. Employment will decline by 1.1 per cent in 2015 and grow by close to one per cent in both 2016 and 2017. Growing employment will support housing demand in 2016 and 2017. Relatively stronger immigration over the last few years has meant more immigrant households are now ready to buy, supporting housing demand.

Sales continue to increase for homes priced above $300,000. Repeat buyers are dominant in the resale market, as they have equity that can be used to purchase another home. Despite low mortgage rates, mortgage carrying costs continue to increase due to rising prices. Prices are expected to

Figure 2



Source: CMHC, adapted from CREA (MLS®)
Note: Sales are seasonally adjusted and are multiplied by 4 to show an annual rate. Prices are seasonally adjusted. MLS® is a registered trademark of the Canadian Real Estate Association

grow at an annual rate above two per cent in both 2016 and 2017. Price increases are expected to be above income growth. This will constrain some households from buying their first home. Employment losses in the 25-44 age group will also contribute to a lower percentage of homebuyers being first-time buyers. However, first-time buyer demand will pick up in the second half of 2016 as some buyers bring their purchase forward to avoid anticipated mortgage rate increases and as job prospects improve.

New listings will remain strong, but with prices not growing as fast as in previous years, some homeowners will be less apt to list their homes for sale. In addition, homeownership still remains relatively affordable in KCW compared to the GTA. Strong in-migration from GTA regions means that sales are boosted, but not listings. With sales growing at a faster pace than new listings, the resale market will begin to favour sellers more than in recent years. As a result, price growth will be slightly above the rate of inflation. The average price will increase to $353,000 in 2016, up 2.9 per cent from 2015 and will increase by another 2.3 per cent in 2017. Carrying costs will increase and homeownership will be slightly less affordable.

Rental Market: Vacancy Rate to Increase in 2015 and 2016

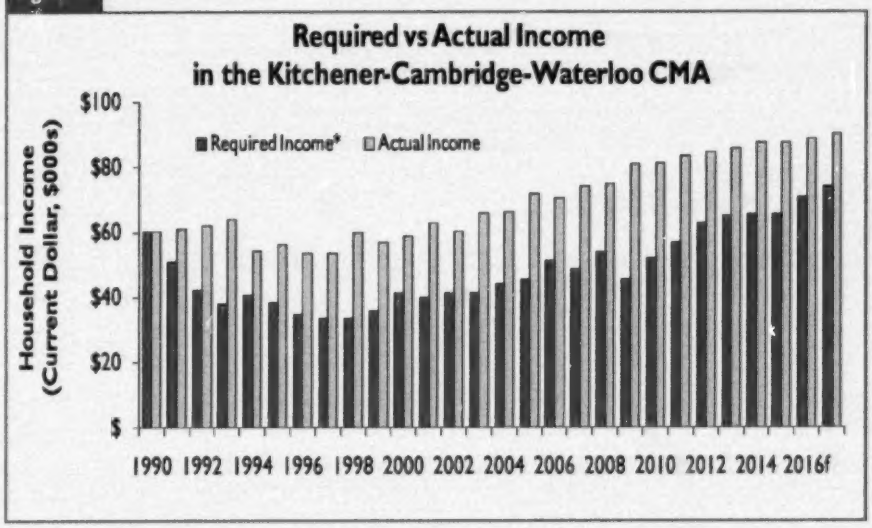
The vacancy rate will increase to 2.7 per cent in 2015, as the supply of rental housing will increase more than rental demand. The vacancy rate will continue to trend higher, reaching 2.8 per cent in 2016. With more than 1,800 rental units currently under construction, rental completions will increase in both 2015 and 2016. In addition, the supply of condominium apartments which will be rented out to both students and the population at large will increase. At the same time, rental demand will increase only

modestly. The vacancy rate will decline slightly in 2017 to 2.5 per cent as supply pressures will have eased.

Students, immigrants, downsizing households, and young households will support rental demand. Students will remain a very significant source of rental demand, but enrolment at the three post-secondary institutions in KCW has stabilized. With the surge in construction of units geared to students in the past few years, many students will be attracted to the newer rental stock, thus leaving more units vacant in the older stock, which includes privately initiated rental buildings, rental houses and basement apartments. This will push up the vacancy rate. Immigration to Ontario has slowed in the past year, resulting in fewer immigrants moving to Waterloo Region. As immigrants usually rent when they first move to Canada, demand for rental accommodation will be lower from this important rental group.

Rental demand will increase from young households and downsizing households. In the past five years, the population has increased for those in the 20-34 age group and in the age groups above 50. Young people forming households typically rent first and with the increase in population and full-time employment for younger adults, more households are being formed increasing demand for rental housing. Although the majority of older households will remain in their current home as long as possible, some are downsizing and moving to rental. With a surge in the population in the over 50 age group, rental demand will increase. Adding to the increased demand from these two age groups is the slower

Figure 3



Source: CMHC, adapted from Statistics Canada, CREA. *Required income is mortgage carrying costs divided by 0.32 to reflect the usual 32 percent gross debt service ratio. Mortgage carrying costs are calculated on the average MLS® price, a 10 per cent down payment, the fixed five-year mortgage rate and the longest available amortization.

movement of rental households into ownership. With the cost of carrying a mortgage increasing, renter households are remaining in their rental accommodation longer to save up for the required down payment. The gap between the cost of owning and the cost of renting will increase slightly since the Ontario Rent Review guideline for 2016 was set at two per cent. The rent for existing tenants in buildings built before 1990 (approximately 80 per cent of the rental stock) cannot increase more than this guideline. However, the average resale price is expected to increase by close to three per cent in 2016, resulting in an increase in mortgage carrying costs above six per cent. The widening gap between the cost of renting and the cost of owning will make the transition from rental to ownership more difficult as affordability erodes.

Economic Trends: Employment Will Grow in 2016

Statistics Canada's Labour Force Survey data show that employment growth has stalled in 2015 and will not be as supportive of housing demand as in previous years. Employment is expected to decline by just over one per cent in 2015. However, employment will increase in by 1.4 per cent in 2016 and 0.7 per cent in 2017. The labour force has contracted at a much faster pace than employment and the unemployment rate is expected to decline to 5.4 per cent in 2015 from 6.4 per cent in 2014. However, the decline in the labour force and employment may in part reflect the survey methodology. The survey data are based on where people live and not where they work. Statistics Canada population data have shown more people moved

away from KCW to other parts of Ontario than moved in between July 1, 2012 and July 1, 2014. Migration data has indicated that households have moved to neighbouring municipalities, but many have continued to work in KCW. Consequently, the employment situation in KCW is stronger than the data imply. Industry contacts indicate that some KCW businesses are finding it difficult to fill vacant positions.

Although the impact of the lower Canadian dollar has been slow to translate into higher manufacturing jobs, the last two months have shown a trend to more goods-producing jobs, supported by higher employment in the manufacturing and construction sectors. With the lower Canadian dollar relative to the US dollar expected to continue, Canadian exports to the US will increase as manufacturers ramp up production. Construction of the LRT and other residential and non-residential projects, both under construction and planned, will support strong construction employment over the next two years.

Net migration has slowed in the past two years. Immigration to Ontario has declined in the past few quarters, and this trend is likely occurring in KCW as well. With net intra-provincial migration low and net interprovincial still negative, migration will not be as supportive of the housing markets as in previous years. Net migration will edge higher in 2016 and 2017 as the economy improves and KCW remains a relatively affordable housing market in relation to the GTA and Hamilton.

Trends at a Glance

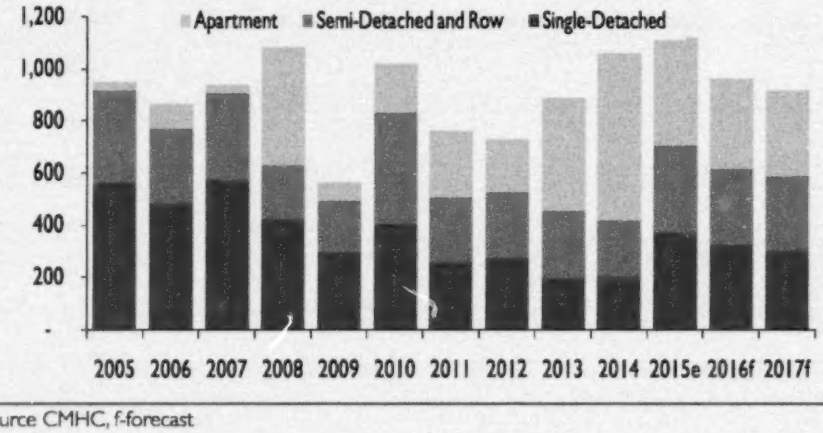
Key Factors and Their Effects on Housing Starts	
Mortgage Rates	Mortgage rates will begin to rise gradually late in 2016, contributing to moderation in housing demand.
Employment	Employment in KCW will increase by 1.4 per cent in 2016 and by 0.7 per cent in 2017. Stronger employment will support housing demand.
Income	Average incomes will grow by about 1.5 per cent a year through 2017. Income growth will not match growth in required income to buy the average home.
Net Migration	Net migration will be increasing in 2016 and 2017, but remain below previous years. Positive net migration will continue to stimulate demand for all types of housing, specifically rental accommodation.
Resale Market	Sales will increase by 1.4 per cent to 5,575 in 2016. Sales will decline by 0.4 per cent in 2017. The market will be balanced. Prices will continue to grow averaging above two per cent through 2017.

Guelph Highlights

- Starts will be lower in 2016 and 2017 after strong starts in 2015
- Existing home sales will strongly increase in 2015 and remain steady through 2017
- Prices will continue to trend higher, but the rate of growth will slow
- The rental market will remain tight with the vacancy rate edging higher in 2015 and 2016, before declining slightly in 2017

Figure 4

Starts of Higher Density Housing to Remain Strong in Guelph



Source CMHC, f-forecast

New Home Market: Starts Lower in 2016

Starts in the Guelph Census Metropolitan Area (CMA) will decline in 2016 as starts fall back from the decade high level recorded in 2015. Total starts will reach 965 in 2016, down 14 per cent from 2015. A strong increase in ground-oriented housing boosted total housing starts in 2015. Both single-detached and townhouse starts moved higher. A significantly higher number of dwelling units were registered[1] in 2014 by the City of Guelph enabling more land to be available for construction in 2015. Starts in 2016 of single-detached houses, townhouses and apartments will pull back from the higher levels in 2015. Fewer units are expected to be registered in 2015. Although demand will remain strong due to a tight resale market and strong demand from in-migrants, demand will ease somewhat due to slower household growth. Housing starts in 2017 will decline further, down five per cent to 915 units.

According to the 2015 City of Guelph Development Priorities Plan, 1,036 units were registered in 2014 which was substantially higher than in 2013. With the above-average number of dwelling units registered, low-rise development jumped in 2015. However, the number of units expected to be registered in 2015 will be lower – close to 700. This will negatively impact low-rise construction in 2016.

Single-detached starts will increase in 2015 before declining slightly in 2016 and 2017. Demand is strong for single-detached homes as buyers from the GTA find Guelph a much more affordable market. With a tight resale market, home buyers unable to find a home in the resale market are turning to the new home market for their purchase. With demand for single-detached homes so strong, prices of newly completed homes will increase by more than five per cent in 2015 and grow above the rate of inflation in both 2016 and 2017.

With more units available for development in 2015 and strong demand for affordable homes, townhouse starts will almost double in 2015. Townhouses are a more affordable alternative to single-detached homes. Townhouses are also a more dense form of housing, in line with the City of Guelph's intensification targets. Townhouse starts will decline slightly in 2016, as fewer units are available for development, but townhouse starts will remain well above the levels of recent years.

Apartment starts will be easing through 2017 as the near-record level of apartment starts in 2014 exceeded demand for this type of housing. Apartment starts will be lower until current inventories are absorbed. However, several new projects are

[1] City of Guelph, 2015 Development Priorities Plan, May 5, 2015

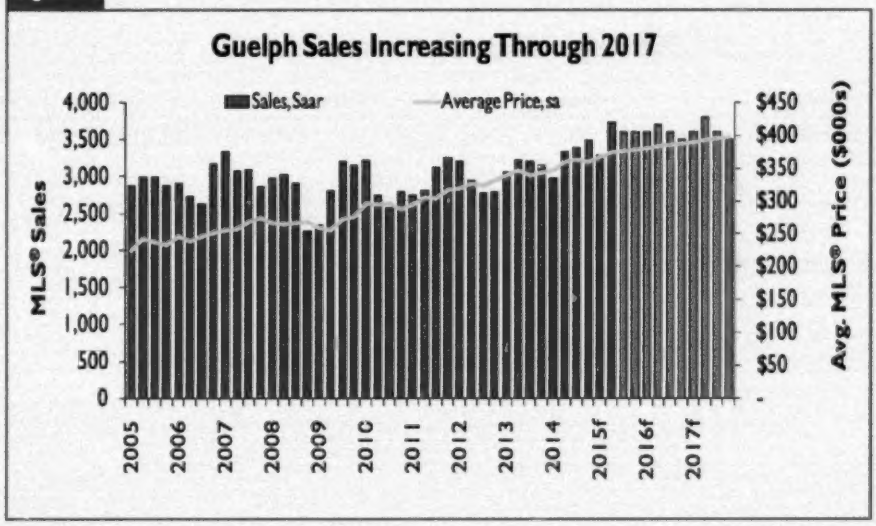
already planned. Strong price growth in both the new and resale markets will continue to support demand for more affordable higher-density housing. Despite a slowing of growth in the student population, some of the apartment units started were geared to students. These units were the first student housing constructed in several years.

Resale Market: Slight Growth in Demand in 2016

Sales will increase to 3,550 units in 2015, supported by higher employment and migration. Sales growth will continue, but at a slower pace, in 2016 and 2017. Sales will increase by 1.4 per cent in 2016 and by 0.7 per cent in 2017. As mortgage rates will remain low through 2016, employment and population growth will sustain the growth in existing home sales. Employment growth has been strong in Guelph in 2015. With more people employed, housing demand has increased. Population growth has and will be supported by strong migration. Migration will be boosted by GTA buyers looking for more affordable homes. People can live in Guelph but work in the GTA as highway access and the GO Train make commuting possible.

The existing home market will continue to favour sellers. Price growth will continue to exceed inflation growth, but the rate of growth will slow. Prices are expected to grow by 4.4 per cent in 2015 and by 2.9 per cent in 2016. On one hand, prices are affordable for GTA buyers, as GTA prices are on average 65 per cent higher than Guelph prices. However, for local buyers, prices have been rising faster than incomes and with carrying costs rising, affordability has eroded. Buyers will be looking for more modestly priced homes.

Figure 5



Source: CMHC, adapted from CREA (MLS®)
Note: Sales are seasonally adjusted and are multiplied by 4 to show an annual rate. Prices are seasonally adjusted. MLS® is a registered trademark of the Canadian Real Estate Association

Rental Market: Vacancy Rate in Increase in 2015 and 2016

Despite slightly rising vacancy rates, Guelph will continue to have one of the tightest rental markets in Ontario. The vacancy rate will increase slightly to 1.3 per cent in 2015 from 1.2 per cent in 2014. The vacancy rate will increase to 1.5 per cent in 2016. Although demand will remain strong for rental accommodation, new supply will enter the market in the next two years, pushing the vacancy rate slightly higher. The vacancy rate will decline slightly in 2017 to 1.4 per cent as supply pressures ease.

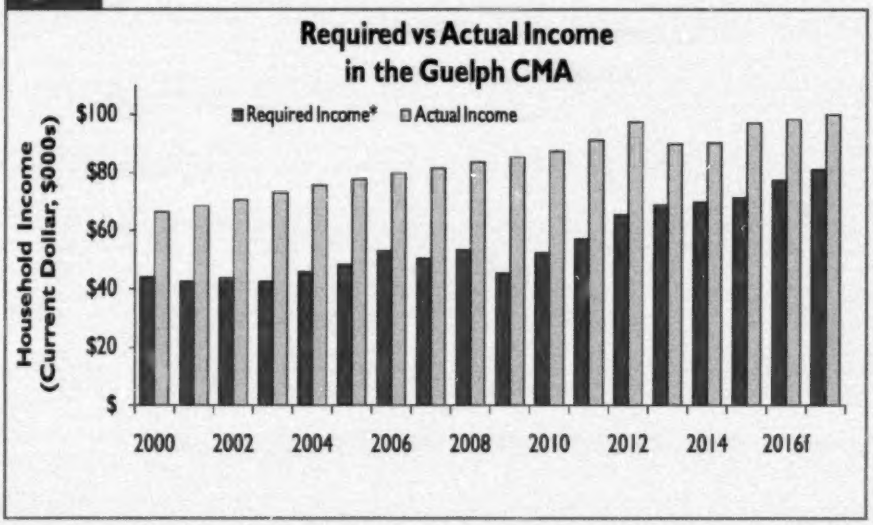
Demand for rental accommodation will be supported by fewer households moving to ownership, younger and older households, and relatively stable student and immigrant demand. The gap between the cost of renting and the cost of owning will widen. While the average price in the resale market will grow by 2.9 per cent in 2016 resulting in an increase in carrying costs above six per cent, the Ontario Rent Increase Guideline will be set at two per cent in 2016. This will mean that rental households will find it harder to transition to home ownership and will have to remain longer in their current rental home. This will put downward pressure on the vacancy rate.

With strong population growth in the 15-24 year old age group and a higher proportion of them getting jobs, rental demand will strengthen as more households are formed. As the senior population continues to grow, rental demand will increase. The higher demand from the young and old will put downward pressure on the vacancy rate. Students and immigrants are a large source of rental demand. Demand from these groups will remain stable over the next two years, not adding or detracting from

rental demand. Overall, demand will increase over the next two years.

Supply will increase over the next two years. Apartment completions, both rental and condominium will increase the supply of rental units in Guelph. The number of rental apartment units under construction currently is at the highest level in more than two decades. With this added supply being completed over the next two years, there will be upward pressure on the vacancy rate. Supply will also increase due to the completion of condominiums geared to students. Although not included in the rental market universe, these new student accommodations will draw students from the older rental stock, putting upward pressure on the vacancy rate.

Figure 6



Source: CMHC, adapted from Statistics Canada, CREA. *Required income is mortgage carrying costs divided by 0.32 to reflect the usual 32 percent gross debt service ratio. Mortgage carrying costs are calculated on the average MLS® price, a 10 per cent down payment, the fixed five-year mortgage rate and the longest available amortization.

Economic Trends: Employment Continues to Grow

Employment in Guelph will continue to provide strong support for housing demand. Employment growth will be above eight per cent in 2015 and around two per cent in 2016.

Growth in employment will exceed growth in the labour force in 2015. The unemployment rate will be a little over four per cent through 2017. Companies are hiring, but they cannot find people to fill all their vacant positions. Both the goods-producing and services sectors will see strong job growth. Construction employment will be supported by the high level of residential construction. Guelph's manufacturing sector will benefit from the weaker Canadian dollar and the upward trend in manufacturing sales in Ontario.

Net migration to Guelph will continue to increase. Growth in Guelph's local economy has outpaced the provincial average. Guelph is particularly

Trends at a Glance

Key Factors and Their Effects on Housing Starts	
Mortgage Rates	Mortgage rates will begin to rise gradually late in 2016, contributing to moderation in housing demand.
Employment	Employment in Guelph will increase by 2.2 per cent in 2016 and by 1.1 per cent in 2017. Stronger employment will support housing demand.
Income	Average incomes will grow by about 1.5 per cent a year through 2017. Income growth will be below price growth in 2016 and 2017.
Net Migration	Net migration levels will be increasing in 2016 and 2017. Positive net migration will continue to stimulate demand for all types of housing, including rental accommodation. In-migration from the GTA will continue as Guelph is a more affordable market.
Resale Market	Sales will increase by 1.4 per cent to 3,600 in 2016 and by 0.7 per cent to 3,625 in 2017. The market will continue to favour sellers. Prices will continue to grow averaging above two per cent through 2017.

attractive to GTA households who are looking to purchase a more affordable home. Strong resale numbers and higher starts are an indication that net migration numbers have increased this year.

Forecast Risks

The outlook is subject to some risks, including:

Upside Risks

- Stronger than expected domestic demand in the United States that would positively impact Canadian exporters and likely drive greater-than-expected housing demand.

Downside Risks

- A broader slowdown in the economic growth of China will negatively affect Canada through weaker demand for Canadian exports as well as a downward pressure put on commodity prices
- While a soft landing in the housing market remains the most likely scenario, near record-high house prices and debt levels relative to income leave households vulnerable to a potential correction. A disorderly unwinding of household sector imbalances, should it materialize, could have sizable negative effects on the economy.

Mortgage Rate Outlook

Mortgage rates are expected to begin to rise moderately from current levels late in 2016

Mortgage rates are expected to continue trending close to current levels, supporting housing demand. However, consistent with the view of Canadian economic forecasters, CMHC expects interest rates to begin to rise moderately from current levels late in 2016, contributing to a modest slowdown in housing markets.

According to CMHC's base case scenario for 2015, the one-year mortgage rate is expected to be in the 2.60 to 3.30 per cent range, while the five-year rate is forecast to be within the 4.10 to 5.20 per cent range. For 2016, the one-year mortgage rate is expected to be in the 3.00 to 3.80 per cent range, while the five-year rate is forecast to be within the 4.70 to 6.00 per cent range. For 2017, the one-year mortgage rate is expected to be in the 3.90 to 4.80 per cent range, while the five-year rate is forecast to be within the 5.10 to 6.50 per cent range.

Mortgage rates		
1 Year	Q3 2015	2.90
	Change from Q3 2014	-0.24
	2014	3.14
	2015 (F)	2.60 to 3.30
	2016 (F)	3.00 to 3.80
	2017 (F)	3.90 to 4.80
5 Year	Q3 2015	4.65
	Change from Q3 2014	-0.14
	2014	4.88
	2015 (F)	4.10 to 5.20
	2016 (F)	4.70 to 6.00
	2017 (F)	5.10 to 6.50

Source: Bank of Canada, CMHC Forecast
NOTE: Mortgage rate forecast is based on Q3 2015 data

Forecast Summary
Kitchener-Cambridge-Waterloo CMA
Fall 2015

	2012	2013	2014	2015(F)	% chg	2016(F)	% chg	2017(F)	% chg
New Home Market									
Starts:									
Single-Detached	871	690	869	925	6.4	975	5.4	975	0.0
Multiples	2,029	1,150	3,581	1,990	-44.4	1,640	-17.6	1,640	0.0
Semi-Detached	42	28	40	40	0.0	40	0.0	40	0.0
Row/Townhouse	431	315	484	500	3.3	500	0.0	500	0.0
Apartments	1,556	807	3,057	1,450	-52.6	1,100	-24.1	1,100	0.0
Starts - Total	2,900	1,840	4,450	2,915	-34.5	2,615	-10.3	2,615	0.0
Average Price ($):									
Single-Detached	434,415	481,687	455,683	462,000	1.4	468,000	1.3	473,000	1.1
Median Price ($):									
Single-Detached	405,860	430,000	425,415	431,000	1.3	436,000	1.2	441,000	1.1
New Housing Price Index (% chg.)	2.9	0.7	0.8	0.5	-	0.5	-	0.5	-
Resale Market									
MLS® Sales	5,240	5,290	5,417	5,500	1.5	5,575	1.4	5,550	-0.4
MLS® New Listings	9,165	8,858	9,110	9,175	0.7	9,200	0.3	9,220	0.2
MLS® Active Listings	2,196	2,362	2,108	2,180	3.4	2,200	0.9	2,225	1.1
MLS® Average Price ($)	313,065	325,538	337,150	343,000	1.7	353,000	2.9	361,000	2.3
Rental Market									
October Vacancy Rate (%)	2.6	2.9	2.3	2.7	0.4	2.8	0.1	2.5	-0.3
Two-bedroom Average Rent (October) ($)	908	952	975	990	1.5	1,010	2.0	1,030	2.0
Economic Overview									
Mortgage Rate (1 year) (%)	3.17	3.08	3.14	2.60 to 3.30	-	3.00 to 3.80	-	3.90 to 4.80	-
Mortgage Rate (5 year) (%)	5.27	5.24	4.88	4.10 to 5.20	-	4.70 to 6.00	-	5.10 to 6.50	-
Annual Employment Level	271,600	278,900	283,100	280,000	-1.1	284,000	1.4	286,000	0.7
Employment Growth (%)	0.4	2.7	1.5	-1.1	-	1.4	-	0.7	-
Unemployment rate (%)	6.6	6.9	6.4	5.4	-	5.3	-	5.3	-
Net Migration	3,121	1,437	1,099	1,200	9.2	1,300	8.3	1,400	7.7

MLS® is a registered trademark of the Canadian Real Estate Association (CREA).

Source: CMHC (Starts and Completions Survey, Market Absorption Survey), adapted from Statistics Canada (CANSIM), CREA, Statistics Canada (CANSIM)
NOTE: Rental universe = Privately initiated rental apartment structures of three units and over

Forecast Summary Guelph CMA Fall 2015									
	2012	2013	2014	2015(F)	% chg	2016(F)	% chg	2017(F)	% chg
New Home Market									
Starts:									
Single-Detached	275	198	204	375	83.8	325	-13.3	300	-7.7
Multiples	456	692	860	750	-12.8	640	-14.7	640	0.0
Semi-Detached	44	82	54	30	-44.4	40	33.3	40	0.0
Row/Townhouse	210	179	161	300	86.3	250	-16.7	250	0.0
Apartments	202	431	645	420	-34.9	350	-16.7	350	0.0
Starts - Total	731	890	1,064	1,125	5.7	965	-14.2	915	-5.2
Average Price ($):									
Single-Detached	436,385	457,859	526,385	547,000	3.9	560,000	2.4	570,000	1.8
Median Price ($):									
Single-Detached	404,350	418,216	460,000	475,000	3.3	487,000	2.5	500,000	2.7
New Housing Price Index (% chg.) (Ont.)	4.1	2.1	1.7	n/a	-	n/a	-	n/a	-
Resale Market									
MLS® Sales	2,929	3,164	3,295	3,550	7.7	3,600	1.4	3,625	0.7
MLS® New Listings	4,478	4,796	4,929	5,350	8.5	5,400	0.9	5,400	0.0
MLS® Average Price ($)	325,554	343,564	358,583	374,300	4.4	385,000	2.9	395,000	2.6
Rental Market									
October Vacancy Rate (%)	1.4	1.9	1.2	1.3	0.1	1.5	0.2	1.4	-0.1
Two-bedroom Average Rent (October) ($)	941	957	988	1,010	2.2	1,025	1.5	1,050	2.4
Economic Overview									
Mortgage Rate (1 year) (%)	3.17	3.08	3.14	2.60 to 3.30	-	3.00 to 3.80	-	3.90 to 4.80	-
Mortgage Rate (5 year) (%)	5.27	5.24	4.88	4.10 to 5.20	-	4.70 to 6.00	-	5.10 to 6.50	-
Annual Employment Level	83,900	79,800	81,800	89,000	8.8	91,000	2.2	92,000	1.1
Employment Growth (%)	2.3	-4.9	2.5	8.8	-	2.2	-	1.1	-
Unemployment rate (%)	5.3	6.6	6.2	4.3	-	4.2	-	4.2	-
Net Migration	1,755	879	802	900	12.2	1,000	11.1	1,100	10.0

MLS® is a registered trademark of the Canadian Real Estate Association (CREA).
** Percent change > 200%
Source: CMHC (Starts and Completions Survey, Market Absorption Survey), adapted from Statistics Canada (CANSIM), CREA, Statistics Canada (CANSIM)
NOTE: Rental universe = Privately initiated rental apartment structures of three units and over

DEFINITIONS AND METHODOLOGY

New Home Market

Historical home starts numbers are collected through CMHC's monthly **Starts and Completions Survey**. Building permits are used to determine construction sites and visits confirm construction stages. A **start** is defined as the beginning of construction on a building, usually when the concrete has been poured for the whole of the structure's footing, or an equivalent stage where a basement will not be part of the structure.

Single-Detached Start:
The start of a building containing only one dwelling unit, which is completely separated on all sides from any other dwelling or structure.

Semi-Detached Start:
The start of each of the dwellings in a building containing two dwellings located side-by-side, adjoining no other structure and separated by a common or party wall extending from ground to roof.

Row (or Townhouse) Start:
Refers to the commencement of construction on a dwelling unit in a row of three or more attached dwellings separated by a common or party wall extending from ground to roof.

Apartment and other Starts:
Refers to the commencement of construction on all dwellings other than those described above, including structures commonly known as stacked townhouses, duplexes, triplexes, double duplexes and row duplexes.

Average and Median Single Detached Home Prices:
Are estimated using CMHC's **Market Absorption Survey**, which collects home prices at absorption and measures the rate at which units are sold or rented after they are completed. Dwellings are enumerated each month after a structure is completed until full absorption occurs. The term "**absorbed**" means that a housing unit is no longer on the market as it has been sold or rented.

New Home Price Indexes:
Changes in the New Home Price Indexes are estimated using annual averages of Statistics Canada's monthly values for New Housing Price Indexes (NHPI).

Resale Market

Historical resale market data in the summary tables of the Housing Market Outlook Reports refers to residential transactions through the Multiple Listings Services (MLS®) as reported by The Canadian Real Estate Association (CREA). In Quebec, this data is obtained by the Centris® listing system via the Quebec Federation of Real Estate Boards.

MLS® (Centris® in the province of Quebec) Sales:
Refers to the total number of sales made through the Multiple Listings Services in a particular year.

MLS® (Centris® in the province of Quebec) Average Price:
Refers to the average annual price of residential transactions through the Multiple Listings Services.

Rental Market

Rental Market vacancy rates and two bedroom rents information is from Canada Mortgage and Housing Corporation's (CMHC's) October Rental Market Survey (RMS). Conducted on a sample basis in all urban areas with populations of 10,000 and more, the RMS targets privately initiated structures with at least three rental units, which. have been on the market for at least three months. The survey obtains information from owners, managers, or building superintendents through a combination of telephone interviews and site visits.

Vacancy Rate:
The vacancy rate refers to the average vacancy rate of all apartment bedroom types. A unit is considered vacant if, at the time of the survey, it is physically unoccupied and available for immediate rental.

Two Bedroom Rent:
The rent refers to the average of the actual amount tenants pay for two bedroom apartment units. No adjustments are made for the inclusion or exclusion of amenities and services such as heat, hydro, parking, and hot water.

Economic Overview

Labour Force variables include the Annual Employment Level, Employment Growth, Unemployment Rate. Source: Statistics Canada's Labour Force Survey.

Net Migration:
Sum of net interprovincial (between provinces), net intra-provincial (within provinces), net international (immigration less emigration), returning Canadians and temporary (non-permanent) residents as provided to the CANSIM database by Statistics Canada's Demography Division. Sources of inter-provincial and intra-provincial migration data include a comparison of addresses from individual income tax returns for two consecutive years from Canada Revenue Agency (CRA) taxation records. The migration estimates are modelled, with the tax file results weighted to represent the whole population.

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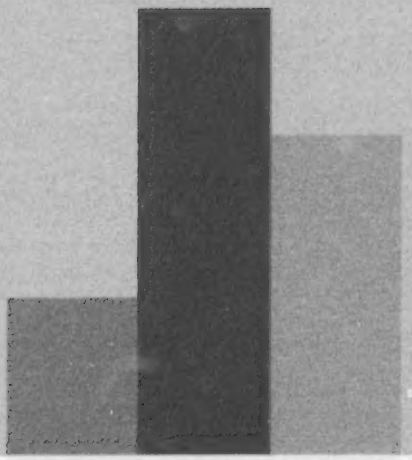

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- Canadian Housing Statistics
- Condominium Owners Report
- Housing Information Monthly
- Housing Market Outlook, Canada
- Housing Market Outlook, Highlight Reports – Canada and Regional
- Housing Market Outlook, Major Centres
- Housing Market Tables: Selected South Central Ontario Centres
- Housing Now, Canada
- Housing Now, Major Centres
- Housing Now, Regional
- Monthly Housing Statistics
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